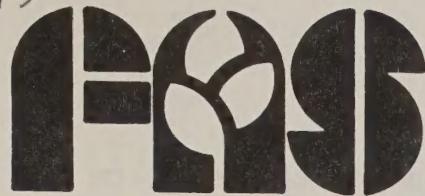


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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR-42-81

WASHINGTON, Oct. 21--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The CANADIAN WHEAT BOARD has announced that grain sales to the Soviet Union now total 7.5 million tons for the current marketing year (Aug. 1981-July 1982), the first year of the USSR-Canadian Grain Agreement. This total includes approximately 5 million tons of wheat and 2.5 million tons of barley, and is considerably above the 4-million-ton minimum Soviet purchase level stipulated in the first year of the agreement. This agreement provides the Soviets with 25 million tons of grain over a five-year period. Last year Canada shipped slightly less than 7 million tons of grain to the Soviet Union.

In AUSTRALIA, continued dry weather in southern Queensland and northern New South Wales has seriously affected the 1981 wheat crop. A field survey, jointly conducted by the U.S. agricultural counselor in Canberra and the Australian Bureau of Agricultural Economies, indicated extremely poor wheat crops in northern New South Wales, with some areas suffering complete losses. Conditions have improved in the central portion of New South Wales and are considered excellent in the southern areas, as well as in Victoria. Based on the field survey, the USDA has revised its forecast of Australia's 1981 wheat crop to 15.1 million tons, a 900,000-ton decline from the previous forecast.

In THAILAND, exporters and farmers in recent weeks have signed a number of corn supply agreements with traditional importers. This policy has been encouraged by the Commerce Ministry's Department of Foreign Trade in the face of declining world prices and depressed grower returns. These agreements are believed to cover over 1.3 million tons of an estimated record 2.4 million tons in corn exports during 1981/82 (July-June). The actual implementation of these agreements will be dependent on price negotiations to be held about fifteen days prior to each sale.

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OCT 30 1981

Cost Engineering

OILSEEDS AND PRODUCTS

The PHILIPPINE COPRA and copra crushing situation continues to be extremely unsettled in the wake of the government lifting and then reimposing a levy on the export of coconut products.

The export levy, which totaled US \$94.76 per ton was lifted Sept. 9 in an attempt to provide relief to domestic processors and exporters and hopefully to stimulate export sales. Funds from the levy were used in part to maintain the domestic copra support price. At the time the levy was lifted, it was unclear whether that support price would continue.

In addition, the government has called for closer cooperation among members of the Asian Pacific Coconut Community (APCC) to assist the coconut industry in recovering from a world-wide slump. Interest in development and expansion of alternative uses for coconut oil, as well as for other coconut products, was expressed at a recent APCC meeting.

In the days following the levy repeal, considerable confusion was generated and only minor speculative buying activity occurred, with prices running below the official support price. The country's largest processor--United Coconut Oil Mills--suspended copra purchases, pending development of a new buying policy.

Philippine President Marcos announced on Oct. 2 the reimposition of a \$62.34-per-ton levy on coconut product exports.

The President of Sudan approved a provisional order on Sept. 29, reducing export taxes on sesame seed, peanuts and vegetables oils. Export taxes for peanuts and vegetable oils were reduced from 15 to 10 percent and from 15 to 5 percent for sesame. At the same time, the Ministry of Commerce and Supply announced an increase in minimum producer prices for peanuts (30 percent) and sesame seed (16 percent). These measures are expected to increase returns to producers and exporters of the affected commodities.

TOBACCO

CHINA's output of cigarettes in 1981 may reach 810 billion pieces, providing the 7.9-percent gain in production for the first eight months of the year continues through December. Cigarette production during 1980 is estimated to have been 750 billion pieces. China, which has some 200 million smokers, is the largest producer and consumer of cigarettes in the world. Apparently, the industry has overcome last year's problem of a shortage of leaf tobacco. Relief came from increased domestic, flue-cured output and leaf imports from other Asian countries and Africa.

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COTTON

In the SOVIET UNION, the outlook for the 1981/82 cotton crop continues to improve due to favorable weather, which has enabled the crop to overcome the earlier lag in development. The current situation is in sharp contrast to a cold, wet spring followed by intense heat with sukhovey winds. Thus, the 1981/82 cotton crop has been revised upward to 13.7 million bales, versus last month's estimate of 13.5 million bales and last year's record 14.3 million bales. The cotton crop, however, has been late in maturing and the final outturn is still somewhat uncertain as poor weather could substantially reduce output. On the other hand, production could exceed 13.7 million bales if favorable weather persists throughout October and early November.

HORTICULTURAL AND TROPICAL PRODUCTS

World cultivation of MACADAMIA NUTS continues to expand. In addition to the United States, the largest producer, commercial macadamia nut operations are under development in Australia, Kenya, South Africa, Costa Rica and Guatemala. The growth in output per ton (in-shell) for the major producer's are as follows:

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Australia	1,140.8	1,205.2	1,500.0
Costa Rica	5.0	22.0	68.0
Guatemala	33.6	53.8	74.6
South Africa	1/	300.0	600.0
United States	12,065.8	15,145.7	2/

1/ Data not available prior to 1980.

2/ Official estimate not available until January 1981.

In MEXICO and SOUTH AFRICA, the pecan industries have continued to expand over the past several years. This is the principal tree nut produced in Mexico and is the only commercially produced nut crop in South Africa, other than the macadamia.

Mexico's 1981 output of pecans is estimated currently at 30,661 tons (in-shell), 5 percent above the 1980 volume of 29,268 tons. South African growers are expecting a record harvest of 330 tons (in-shell) in 1981, up from 320 tons last year. Early projections had indicated an even larger outturn in South Africa but an outbreak of pecan scab resulted in heavy losses.

The United States remains the leading world producer of pecans. The October forecast places the 1981 U.S. crop at 153,310 tons (in-shell), 84 percent greater than the off-year crop of 1980.

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U.S AGRICULTURAL TRADE BALANCE

The \$24.6-billion U.S. agricultural trade surplus for the first eleven months (Oct. 1980-Aug. 1981) of fiscal 1981 was greater than the surplus for all of the preceding fiscal year. In addition, the agricultural trade surplus offset slightly more than half the non-agricultural trade deficit for the same period. The record export value has resulted in a \$3.7-million improvement in the U.S. total trade balance for this period in fiscal 1981. However, the total U.S. trade balance showed a deficit of \$24 billion during the first eleven months of fiscal 1981. U.S. trade highlights in millions of U.S. dollars for fiscal years 1980 and 1981 and August 1980 and 1981 are as follows.

	<u>October - August</u> <u>1979/80</u>	<u>1980/81</u>	<u>August</u> <u>1980</u>	<u>1981</u>
Agricultural Trade				
Exports 1/	37,245	40,585	3,243.6	2,926.3
Imports 2/	16,038	15,939	1,320.2	1,310.1
Balance	21,207	24,646	1,923.4	1,616.2
Non-Agricultural Trade				
Exports 1/	155,353	170,267	14,387.4	14,529.5
Imports 2/	204,244	218,912	17,686.3	21,130.9
Balance	-48,891	-48,645	-3,298.9	-6,601.4
Petroleum and Petroleum Products Trade				
Exports 1/	2,369	3,040	204.6	243.5
Imports 2/	67,248	69,293	5,338.5	6,436.2
Balance	-64,879	-66,253	-5,133.9	-6,192.7
Total US Trade				
Exports 1/	192,598	210,852	17,631.0	17,455.8
Imports 2/	220,282	234,851	19,006.5	22,441.0
Balance	-27,684	-23,999	-1375.5	-4985.2

1/ Unadjusted domestic exports including DOD shipments (FAS Value Basis)

2/ Unadjusted imports for consumption (Customs Value Basis)

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

: Item	: Oct. 20, 1981	: Change from previous week	: A year ago	
	\$ per m. ton	\$ per bu.	€ per bu.	\$ per m. ton
Wheat				
Canadian No. 1 CWRS-13.5%.....	1/	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	194.00	5.28	+3	220.00
U.S. No. 2 DHW/HW: 13.5%.....	198.00	5.39	-3	223.00
U.S. No. 2 S.R.W.....	185.00	5.03	-3	220.00
U.S. No. 3 H.A.D.....	193.00	5.25	-6	309.00
Canadian No. 1 A: Durum.....	1/	1/	1/	1/
Feed grains:				
U.S. No. 3 Yellow Corn.....	128.50	3.26	-5	163.00
U.S. No. 2 Sorghum 2/.....	144.00	3.66	-2	176.50
Feed Barley 3/.....	142.50	3.10	-12	180.00
Soybeans:				
U.S. No. 2 Yellow.....	260.50	7.09	-3	334.50
Argentine 4/.....	1/	1/	1/	1/
U.S. 44% Soybean Meal (M.T.)..	229.00	--	-5.00 5/	306.00
EC Import Levies				
Wheat 6/.....	75.95	2.07	-6	94.40
Barley.....	81.55	1.78	-8	75.60
Corn.....	99.10	2.52	+8	106.15
Sorghum.....	84.70	2.15	+7	87.35

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis November delivery.

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